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IDAHO

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TAX COMMISSIONERS

Idaho Tax Commissioners, left to right: Robert Fry, Robert Hodge, Carol Dick and Larry Looney, chairman.

OUR MISSION

To administer all tax laws of the state of Idaho in a fair, impartial and cost-effective manner.

AREAS OF RESPONSIBILITY

LARRY LOONEY, CHAIRMAN

- Corporate Income Tax
- General Services
  - — Support Services
  - — Computer Services
  - — Legal
  - — Tax Policy

CAROL DICK

- Property Tax
  - — Real and Personal Property
  - — Uniform Assessment
  - — Operating Property
- Revenue Operations

ROBERT FRY

- Sales and Miscellaneous Taxes
- Estate Tax and Unclaimed Property
- Field Services

ROBERT HODGE

- Individual Income Tax
- Tax Discovery Unit
- Motor Fuels

1990 HIGHLIGHTS

RECORD REVENUES AND REFUNDS

Processed record state revenues of more than $1 billion and tax refunds of nearly $71.3 million during fiscal year 1990. Meanwhile, the cost of collecting state revenues dropped to .86% of revenues collected, the lowest figure in more than a decade.

TAXPAYER SERVICES

Expanded access to the public during the income tax drive by opening five field offices on some Saturdays and week nights. Approximately 1,600 Idaho taxpayers were served during these extended hours.

Improved service to southwest Idaho taxpayers by moving the Boise field office to a more accessible location at 3131 W. State Street.

TAX RECOVERIES

Recovered more than $15.1 million through income tax audits in FY 90, up nearly $4.8 million (46%) from the year before.

Collected $28.4 million from delinquent accounts and, among 10 western states surveyed, maintained the lowest accounts receivable as a percentage of gross collections.

Levied assessments of more than $5.3 million against 124 persons during the first full year of enforcing the Illegal Drug Stamp Tax Act. More than $115,000 in cash was collected, and assets worth an estimated $24,000 were seized.

UNCLAIMED PROPERTY

Returned $405,341 in cash and 4,703 shares of stock to 1,672 owners of lost or forgotten funds held by the state.

SALES TAX EDUCATION

Created a special unit with emphasis on informing sales tax permit holders about Idaho's sales and use tax laws.

NEW TECHNOLOGY

Developed a program to help county appraisers integrate hand-held computers into their field work, making it faster and more efficient.

Acquired state-of-the-art GIS computer mapping equipment for long-term project to create detailed maps of Idaho taxing districts.

Began a pilot project to see if a new computer mapping system can develop statewide data to identify levels of forest productivity. These classifications would be used to assess privately owned forest land for tax purposes in Idaho.

OUR GOALS

LOOKING BACK...

The State Tax Commission's duties and responsibilities have changed through the years, yet the agency's goal of providing fair and equitable treatment for taxpayers remains the same.

In the early days of statehood, tax administration in Idaho focused on fair treatment of property taxpayers. Property tax was the state's only tax until 1931 when the Income Tax Act was passed.

The Sales Tax Act added a third major source of revenue in 1965. Two years later, the current full-time, four-member Tax Commission was established to administer most of Idaho's taxes.

One of the agency's biggest accomplishments is the achievement of uniformity in market value of properties for all taxpayers in Idaho, a goal since territorial days.

That goal finally was reached in the 1980s, due partly to the agency's Uniform Assessment program, which develops procedures to be shared by counties, and to the counties' dedication toward providing equitable treatment for property taxpayers.

LOOKING AHEAD...

Maintaining equity in statewide property assessments remains a goal of the Tax Commission in the 1990s. Toward this end, the agency has acquired state-of-the-art computer technology to help counties do their assessment work more efficiently.

Improved technology will also play a critical role in other tax types, as the Tax Commission enters a decade of processing state revenues that top the $1 billion mark.

Above all, the agency has the challenge of providing better information and service to taxpayers in an increasingly complex tax environment.

Recognizing that the vast majority of taxpayers work hard to pay their fair share of the cost of government, our goal is to give them the information they need to comply with Idaho's tax laws.

IDAHO REVENUES

The State Tax Commission collected revenues totalling $1.06 billion in fiscal year 1990. This was an increase of $103.3 million, or about 11%, from the previous year. A two-year comparison of revenues by category is shown below. These figures represent amounts remaining after refunds were paid from the accounts.

SOURCE	FY 89 REVENUE	FY 90 REVENUE	% CHANGE
Individual Income Tax	$346,820,955	$402,145,842	15.9
Corporate Income Tax	73,241,472	72,721,461	-.7
Sales Tax	345,799,883	381,432,027	10.3
Cigarette Tax	14,511,232	12,619,611	-13.0
Beer Tax	3,212,568	3,302,352	2.8
Wine Tax	896,267	876,478	-2.2
Electricity (Kilowatt Hr.)	1,593,559	1,677,045	5.2
Mine License Tax	213,222	252,965	18.6
Tobacco Tax	1,556,688	1,774,528	14.0
Estate Tax	1,790,054	1,742,740	-2.6
Unclaimed Property	1,246,448	1,253,060	.5
Railroad Car Co. Property Tax	78,364	105,442	34.6
Motor Fuel Taxes	102,060,467	105,178,637	3.1
Boise Auditorium Dist. Tax	1,014,512	1,174,016	15.7
Travel and Convention Tax	2,177,315	2,434,184	11.8
Illegal Drug Tax	-0-	113,636*	N/A
Miscellaneous	145,657	65,926	-54.7

*First year of collection.

DISTRIBUTION OF REVENUES

ACCOUNT	FISCAL YEAR 89	FISCAL YEAR 90	INCREASE (DECREASE)
General Account	$677,449,469.69	$ 761,233,351.06	$ 83,783,881.37
Miscellaneous Income	145,657.07	65,925.79	(79,731.28)
Revenue Sharing	26,785,371.67	29,540,743.64	2,755,371.97
Circuit Breaker	4,171,733.33	4,335,488.64	163,755.31
U.S. Olympic Donation	9,690.68	8,508.23	(1,182.45)
Park & Rec Capital Improvement	800,117.38	813,498.50	13,381.12
Waterways Account	800,561.68	813,498.50	12,936.82
Off-Roads Account	800,561.68	813,498.50	12,936.32
State Refund Account	96,901,933.80	110,754,364.04	13,852,430.24
Allocation to Counties	20,737,063.11	22,870,202.55	2,133,139.44
Multistate Tax Compact	94,700.00	112,090.00	17,390.00
Tax Commission Admin.	46,800.00	205,983.32	159,183.32
Political Contributions	37,049.00	40,848.00	3,799.00
Bridge Inspection	50,000.00	50,000.00	-0-
Railroad Grade Crossing	50,000.00	50,000.00	-0-
Travel & Convention	2,152,514.56	2,408,680.45	256,165.89
Cancer Control	362,781.32	315,490.31	(47,291.01)
Aeronautics Account	729,874.52	797,300.72	67,426.20
Highway Distribution	97,565,386.36	99,902,346.30	2,336,959.94
Local Hiway Needs Assess.	50,000.00	50,000.00	-0-
Search & Rescue Account	24,259.55	24,651.52	391.97
Drug Enforcement Donation	29,571.94	29,506.83	(65.11)
Illegal Drug Tax	-0-	13,635.62	13,635.62
Trust Fund—Unclaimed Property	1,012,074.07	502,718.15	(509,355.92)
Water Pollution Account	8,773,200.89	8,821,758.66	48,557.77
Central Tumor Registry	100,000.00	110,000.00	10,000.00
Alcoholism Treatment	750,065.62	765,647.76	15,582.14
Trust Fund—Escheat	74,859.81	31,966.01	(42,893.80)
Motor Fuels-Admin. Exp.	1,165,200.00	1,336,557.73	171,357.73
Boise Auditorium	1,007,511.66	1,170,656.44	163,144.78
Suspense Account	2,408,459.11	512,639.19	(1,895,819.92)
Counties-Inheritance Tax	185,319.69	185,277.06	(42.63)
Transfer Account-Child Sup.	450,648.29	521,945.88	71,297.59
Public School Income Account	115,032.96	107,522.15	(7,510.81)
Fish & Game Trust	50,397.31	54,637.04	4,239.73
Children's Trust Account	47,137.78	43,357.90	(3,779.88)
Rangeland Conservation	160,473.50	155,746.35	(4,727.15)
State Building Account	11,604,521.99	10,934,417.40	(670,104.59)
Ag In The Classroom	3,256.79	4,885.24	1,628.45
Clean Water Trust Fund	-0-	466,221.39	466,221.39
TOTAL	$957,703,256.81	$1,060,975,566.87	$103,272,310.06

COMPARATIVE STATEMENT OF TAX REVENUES AND COST OF COLLECTING

FISCAL YEAR	GROSS TAX COLLECTION	COST TO COLLECT	PERCENT COST TO COLLECT
1979	$439,666,279	$4,736,900	1.08%
1980	463,988,518	5,133,200	1.11
1981	507,510,583	5,487,000	1.08
1982	532,324,468	6,326,300	1.19
1983	559,882,679	8,358,300	1.49
1984	671,190,497	8,496,900	1.27
1985	706,861,160	9,290,000	1.31
1986	728,569,756	9,232,600	1.27
1987	788,817,674	10,112,000	1.28
1988	842,831,329	10,728,900	1.27
1989	957,703,257	12,033,200	1.25
1990	1,060,975,567	12,287,200	.86

STATE TAX COMMISSION EXPENSES BY PROGRAM

FISCAL YEAR 1990	EXPENSE
General Services*	$3,029,500
Audit & Collections*	6,593,100
County Support	2,076,200
Multistate Tax Compact*	101,900
Revenue Operations*	2,560,700
TOTAL	$14,361,400

* Programs involved in actual collection of taxes.

THE AUDIT PROGRAM

The Tax Commission is responsible for conducting audits of tax returns filed by individuals and businesses. The audit program encourages voluntary compliance with tax laws, and enforces those laws in cases where voluntary compliance is lacking.

The figures below represent a four-year comparison of revenues generated by the audit program.

SOURCE	FY 87	FY 88	FY 89	FY 90
Sales & Use Tax	$ 3,760,183	$ 3,846,597	$ 6,256,690	$ 5,351,473
Withholding			41,430	23,920
Motor Fuel Taxes	673,940	680,940	758,100	925,272
Cigarette & Tobacco Taxes	2,894	94,013	186,719	140,573
Beer & Wine Taxes	3,536	22,379	26,810	5,562
Income Taxes:				
Corporate	7,718,882	4,623,836	5,730,349	10,544,343
Individual	3,381,979	4,446,245	2,898,358	3,284,061
Inheritance Tax	198,309	787,821	684,259	428,415
Travel & Convention & Greater Boise Auditorium District	23,716	11,510	2,298	8,046
Unclaimed Property	335,717	249,743	1,055,990*	346,913
TOTAL Audit Recoveries	$16,099,156	$14,762,454	$17,641,003	$21,058,578

* Includes the value of unliquidated stock.

AN OVERVIEW OF IDAHO TAXES

The majority of Idaho's tax revenues come from three sources: income tax (personal and corporate), sales/use tax, and property tax. Since property taxes are not levied by the state, they are covered separately in this report.

The taxes listed below represent those which are collected by the state. Not all the revenues generated from these taxes go to the state's general fund. Some are dedicated funds, which means the revenues are earmarked for a specific purpose. The Travel & Convention Hotel/Motel Tax, for example, is dedicated to tourist promotion in Idaho.

BEER AND WINE TAX Taxes are collected at the rate of 45 cents/gal. on light wines and $4.65 per 31-gal. barrel on beer. Bottled beer is converted to barrel equivalents. Taxes are collected monthly from wholesalers.

BOISE AUDITORIUM DISTRICT HOTEL/MOTEL ROOM SALES TAX This is a 4% retail sales tax imposed on hotel/motel occupants in the Boise metropolitan area. The tax is in addition to the 5% sales/use tax. Long-term residents (more than 30 consecutive days) are exempt.

CIGARETTE TAX Cigarettes are taxed at the rate of 18 cents for a pack of 20 cigarettes. This tax is paid by the wholesaler and collected by the State Tax Commission.

CORPORATE NET INCOME TAX Idaho taxable income is taxed at the rate of 8%. For corporations operating entirely within Idaho, taxable income is the same as that reported for federal purposes subject only to modifications contained within the Idaho law. Multistate corporations must apportion their income using an equally weighted three-factor formula comprised of property, payroll and sales.

ELECTRICITY TAX A tax of 1/2 mill per kilowatt hour is imposed on the sale of electrical energy produced in Idaho by means of water power. Exemptions: electricity used to pump irrigation water and for use in manufacturing, mining, milling, smelting, refining or processing.

ESTATE TAX In 1989 the inheritance tax was replaced with an estate tax which consists of only the federal state death tax credit. The federal estate tax law is used for computation.

GASOLINE TAX Gasoline is taxed at 18 cents per gallon. Off-the-road users are granted refunds for taxes on gasoline used in equipment and auxiliary engines. Gasohol is taxed at 14 cents per gallon. A 3½ cents per gallon tax is imposed on all aviation fuel except for military aircraft.

ILLEGAL DRUG STAMP TAX Marijuana and controlled substances which are held, possessed, transported, transferred, sold, or offered to be sold in violation of Idaho law are subject to the Illegal Drug Stamp Tax Act.

The tax is assessed at the following rates: Marijuana—$3.50 per gram, Controlled substance sold by weight—$200.00 per gram, Controlled substance sold by dosage—$200.00 per 50 dosage units.

MINE LICENSE TAX This is a 2% tax on the value of ores mined or extracted. It applies to every person, partnership, company, joint stock company, trust, corporation or association in the business of mining.

PERSONAL INCOME TAX A tax is imposed on Idaho taxable income of individuals, estates and trusts. Tax rates range from 2.0% to 8.2%, depending on income. For salaried workers, the income tax is collected mainly by withholding. Withholding rates, similar to the federal system, are tailored to the income and personal exemptions of the employee. Employers are required to withhold an amount approximately equal to the tax due. Farmers and other employers exempt from withholding under the Internal Revenue Code are required to withhold 1% of gross wages.

AN OVERVIEW OF IDAHO TAXES

SALES/USE TAX Retail sales of tangible personal property are taxed at 5%. If a sales tax is not applied at the point of purchase, a 5% use tax is due from the consumer. Sales tax also applies to admission fees and fees for recreation or hotel/motel accommodations (except for stays of more than 30 consecutive days). Excluded from this tax: utilities, motor fuels (which are taxed separately), prescription drugs, and tangible personal property used for production activities involved in manufacturing, farming, processing, mining and fabricating.

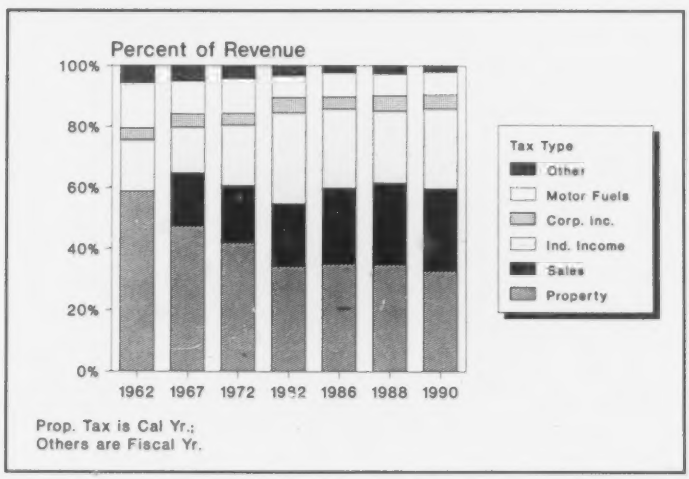
SEVERENCE TAX This is a 2% tax on all oil and gas produced, saved and sold, or transported from the premises in Idaho where produced. The tax is based on the market value of the oil or gas which the production site yields.

SPECIAL FUELS TAX Special fuels include diesel, propane and natural gas. This tax is collected at the pump on fuel delivered into any motor vehicle, regardless of weight, unless the vehicle displays a 96-hour trip permit or an Idaho special fuel permit. Holders of valid special fuel permits buy fuel free of tax and make quarterly payments based on actual consumption. Special fuel tax rates are: 18 cents/gal. for diesel; 13 cents/gal. for propane; and 14.2 cents/therm for natural gas.

TOBACCO TAX All tobacco products (except cigarettes) are taxed at 35% of their wholesale price.

TRAVEL & CONVENTION HOTEL/MOTEL TAX This is a statewide 2% retail sales tax imposed on hotel/motel occupants and campground users. Long-term residents (more than 30 consecutive days) are exempt.

TAXES COLLECTED IN IDAHO
PROPORTION OF STATE & LOCAL TAX REVENUE



SALES TAX COLLECTIONS BY COUNTY*

FISCAL YEAR ENDING JUNE 30, 1990

COUNTY	TOTAL TAXABLES FY 1990	% INCREASE (DECREASE) FROM FY 1989	GROSS TAX PAID AFTER REFUNDS FY 1990	% INCREASE (DECREASE) FROM FY 1989
Ada	$1,692,180,389	28.01	$ 84,504,968	26.97
Adams	9,079,537	55.27	455,956	50.87
Bannock	247,142,177	(5.86)	12,410,013	(7.03)
Bear Lake	22,591,493	(3.52)	1,125,025	(3.46)
Benewah	31,092,105	8.45	1,552,286	6.30
Bingham	95,548,462	4.23	4,799,779	3.11
Blaine	199,965,526	12.68	10,069,221	11.77
Boise	5,667,950	(23.46)	282,525	(22.52)
Bonner	120,602,649	(3.20)	6,059,829	(3.63)
Bonneville	448,985,390	12.16	22,504,460	11.85
Boundary	28,734,099	8.56	1,434,290	7.01
Butte	8,966,401	7.93	452,006	5.38
Camas	2,325,136	1.10	117,759	3.64
Canyon	316,801,168	(10.76)	15,832,136	(11.86)
Caribou	23,874,940	(6.23)	1,271,762	(1.07)
Cassia	89,278,867	17.73	4,457,324	13.09
Clark	1,917,009	54.32	97,458	67.14
Clearwater	28,821,438	3.02	1,448,642	.42
Custer	18,749,432	3.52	939,929	.10
Elmore	69,260,960	30.79	3,451,584	28.20
Franklin	28,084,230	6.84	1,415,071	5.96
Fremont	26,178,575	(3.72)	1,312,205	(4.29)
Gem	20,070,358	(2.44)	997,580	(3.87)

SALES TAX COLLECTIONS BY COUNTY*

FISCAL YEAR ENDING JUNE 30, 1990 (Continued)

COUNTY	TOTAL TAXABLES FY 1990	% INCREASE (DECREASE) FROM FY 1989	GROSS TAX PAID AFTER REFUNDS FY 1990	% INCREASE (DECREASE) FROM FY 1989
Gooding	$26,233,089	(5.19)	$1,337,911	(3.76)
Idaho	43,836,131	1.62	2,227,037	3.35
Jefferson	33,826,241	14.33	1,699,008	11.78
Jerome	52,395,781	8.03	2,616,727	7.68
Kootenai	423,674,867	14.07	21,082,905	12.45
Latah	103,702,007	5.23	5,240,758	5.38
Lemhi	38,139,354	14.68	1,907,064	11.89
Lewis	10,998,907	(16.85)	560,886	(15.94)
Lincoln	8,365,372	20.13	429,003	18.41
Madison	74,465,738	13.65	3,739,175	13.34
Minidoka	45,778,324	(2.45)	2,304,552	(2.43)
Nez Perce	200,544,176	2.77	10,089,632	2.51
Oneida	10,047,815	(2.60)	500,623	(3.56)
Owyhee	12,549,862	24.10	630,832	21.19
Payette	28,409,627	2.65	1,449,628	2.40
Power	12,625,564	(3.81)	619,895	(7.63)
Shoshone	57,434,619	18.34	2,880,619	15.84
Teton	14,100,714	40.76	692,526	35.85
Twin Falls	305,977,495	6.09	15,315,049	5.39
Valley	33,600,186	12.53	1,703,459	11.66
Washington	18,311,257	(23.50)	926,736	(23.39)
Multi-County Assoc	1,488,375,226	(3.52)	74,529,114	(4.04)
Other States	1,029,968,716	35.77	52,147,594	34.11
TOTAL	$7,609,279,358	11.01	$381,622,542	10.10

* To the extent possible, sales tax collections are attributed to the county in which a business is located. However, there are two exceptions to this rule:

(1) If the business has branches in more than one county but files only one sales tax return for all locations, total collections are accounted for under "Multi-County Assoc."

(2) If the main office of a business is located outside of Idaho, sales tax collections are accounted for under "Other States."

FY 90 SALES TAX REVENUE SHARING DISTRIBUTION

Revenue sharing monies are distributed quarterly from the sales tax account to each Idaho county and to eligible incorporated cities. The total amount distributed is equal to 7.75% of sales tax collections. One-half of this amount is distributed to counties and one-half to the cities. Each county receives $30,000 per year, while the remainder is distributed according to population. Cities receive shares determined half on population and half on valuation.

CITIES

Aberdeen	$30,431.99
Acequia	1,826.00
Albion	5,691.41
American Falls	73,541.66
Ammon	101,199.42
Arco	20,469.21
Arimo	6,600.69
Ashton	20,801.51
Athol	8,226.52
Atomic City	607.03
Bancroft	9,320.85
Basalt	6,371.20
Bellevue	32,514.15
Blackfoot	199,514.82
Bliss	3,973.33
Bloomington	3,972.49
Boise	3,273,509.33
Bonners Ferry	48,839.14
Bovill	4,480.29
Buhl	69,199.19
Burley	178,418.78
Butte City	1,336.78
Caldwell	413,278.28
Cambridge	7,558.34
Cascade	26,685.25
Castleford	$2,684.10
Challis	22,886.26
Chatcolet	4,269.68
Chubbuck	231,522.16
Clark Fork	9,789.57
Clayton	830.47
Clifton	4,106.98
Coeur d'Alene	642,249.24
Cottonwood	21,380.86
Council	16,746.31
Craigmont	11,586.49
Crouch	2,167.44
Culdesac	4,626.32
Dalton Gardens	53,120.83
Dayton	9,051.58
Deary	11,416.35
Declo	5,127.84
Dietrich	2,263.22
Donnelly	4,439.84
Dover	8,636.80
Downey	11,835.00
Driggs	18,361.01
Drummond	504.33
Dubois	7,684.36
Eagle	86,607.85
East Hope	$8,920.77
Eden	6,358.67
Elk River	3,387.35
Emmett	85,615.93
Fairfield	6,562.45
Ferdinand	3,186.40
Fernan	5,337.45
Filer	33,338.93
Firth	8,880.86
Franklin	11,770.78
Fruitland	56,474.91
Garden City	163,395.05
Genesee	17,509.26
Georgetown	9,284.51
Glenns Ferry	28,284.12
Gooding	53,233.53
Grace	18,654.26
Grandview	7,045.02
Grangeville	71,912.02
Greenleaf	13,972.62
Hagerman	12,530.85
Hailey	88,678.15
Hamer	1,930.41
Hansen	17,193.15
Harrison	6,218.75
Hauser Lake	$7,309.08
Hayden	87,314.51
Hayden Lake	21,057.25
Hazelton	10,708.74
Heyburn	55,225.26
Hollister	2,955.96
Homedale	39,087.06
Hope	3,497.36
Horseshoe Bend	13,983.18
Huetter	1,316.64
Idaho City	6,874.89
Idaho Falls	1,102,556.10
Inkom	20,998.74
Iona	22,118.86
Irwin	3,310.24
Island Park	4,437.07
Jerome	133,101.17
Juliaetta	11,149.78
Kamiah	24,760.00
Kellogg	44,313.87
Kendrick	9,890.73
Ketchum	203,721.75
Kimberly	49,028.64
Kooskia	13,606.10
Kootenai	7,945.40

FY 90 SALES TAX REVENUE SHARING DISTRIBUTION

CITIES (Continued)

Kuna	$43,373.44	Murtaugh	$2,046.27	Post Falls	$161,510.99	St. Anthony	$54,903.55
Lapwai	15,625.01	Nampa	631,625.86	Potlatch	16,451.20	St. Charles	3,920.43
Lava Hot Springs	11,108.10	New Meadows	11,009.38	Preston	76,571.95	St. Maries	54,775.27
Leadore	1,914.63	New Plymouth	23,065.86	Priest River	39,867.85	Sugar City	24,697.68
Lewiston	697,884.80	Newdale	6,628.01	Rathdrum	38,664.02	Sun Valley	182,952.54
Lewisville	9,580.41	Nezperce	9,340.05	Reubens	1,465.26	Swan Valley	3,945.99
Mackay	11,919.42	Notus	7,318.70	Rexburg	238,036.64	Tensed	1,773.82
Malad	40,956.14	Oakley	13,187.02	Richfield	6,412.47	Teton	10,309.23
Malta	3,182.54	Oldtown	6,322.26	Rigby	54,196.07	Tetonia	4,065.52
Marsing	13,613.45	Onaway	5,177.91	Riggins	10,738.87	Troy	17,714.61
McCall	96,969.78	Orofino	75,078.50	Ririe	12,638.66	Twin Falls	622,643.49
McCammon	16,016.93	Osburn	31,799.98	Roberts	7,919.47	Ucon	15,520.57
Melba	5,901.16	Oxford	1,102.02	Rockland	4,751.38	Victor	6,724.51
Menan	10,543.41	Paris	12,366.77	Rupert	98,256.76	Wallace	21,534.53
Meridian	203,358.21	Parker	5,133.95	Salmon	64,305.09	Wardner	4,316.89
Middleton	44,434.67	Parma	37,042.12	Sandpoint	152,019.23	Warm River	223.52
Midvale	4,215.61	Paul	16,797.87	Shelley	75,689.87	Weippe	12,933.50
Minidoka	1,166.62	Payette	108,034.41	Shoshone	21,469.66	Weiser	90,325.00
Montpelier	52,311.42	Peck	3,623.90	Smelterville	7,801 93	Wendell	37,140.00
Moore	3,541.02	Pierce	13,355.66	Soda Springs	69,941.48	Weston	7,031.90
Moscow	391,085.45	Pinehurst	30,087.91	Spencer	598.17	White Bird	2,530.96
Mountain Home	193,848.87	Placerville	1,032.99	Spirit Lake	18,362.28	Wilder	20,858.15
Moyie Springs	9,590.27	Plummer	16,292.62	Stanley	6,186.29	Winchester	6,746.78
Mud Lake	4,185.38	Pocatello	999,939.30	Stateline	1,065.67	Worley	4,183.26
Mullan	14,075.20	Ponderay	19,046.06	Stites	4,614.03	TOTAL	$14,770,371.44

SALES TAX REVENUE SHARING DISTRIBUTION

COUNTIES

Ada	$2,721,675.83
Adams	72,143.15
Bannock	939,524.83
Bear Lake	109,846.66
Benewah	142,158.19
Bingham	544,047.18
Blaine	219,121.08
Boise	70,815.28
Bonner	366,608.69
Bonneville	1,013,000.39
Boundary	133,721.50
Butte	69,795.90
Camas	38,409.85
Canyon	1,235,438.96
Caribou	128,839.23
Cassia	298,565.34
Clark	40,113.29
Clearwater	154,202.92
Custer	88,453.17
Elmore	326,276.27
Franklin	153,746.88
Fremont	168,594.89
Gem	$178,466.75
Gooding	184,395.23
Idaho	212,696.32
Jefferson	253,994.47
Jerome	225,358.04
Kootenai	927,815.42
Latah	440,687.81
Lemhi	121,770.67
Lewis	78,313.05
Lincoln	73,068.65
Madison	334,015.48
Minidoka	299,276.22
Nez Perce	478,055.99
Oneida	77,387.57
Owyhee	145,390.68
Payette	244,927.38
Power	121,328.05
Shoshone	226,511.54
Teton	72,760.13
Twin Falls	778,745.10
Valley	121,341.46
Washington	138,965.93
TOTAL	$14,770,371.42

BUSINESS INVENTORY REPLACEMENT

The figures below represent the amount of money paid from sales tax to county treasurers as reimbursement for the exemption of business inventory. The total of $22,870,201.95 is 6% of the state sales tax collected from July 1, 1989 through June 30, 1990. These funds are redistributed to most non-school taxing districts.

COUNTIES

Ada	$3,326,509.94
Adams	165,853.25
Bannock	1,501,796.71
Bear Lake	201,234.75
Benewah	163,482.50
Bingham	860,596.56
Blaine	198,815.93
Boise	93,270.61
Bonner	418,929.74
Bonneville	1,462,441.84
Boundary	188,667.43
Butte	90,029.83
Camas	64,976.53
Canyon	1,915,004.81
Caribou	314,966.84
Cassia	542,068.13
Clark	122,593.57
Clearwater	516,800.47
Custer	206,905.96
Elmore	304,380.93
Franklin	247,461.71
Fremont	245,235.72
Gem	$336,033.22
Gooding	365,953.18
Idaho	501,610.97
Jefferson	269,342.43
Jerome	354,585.71
Kootenai	928,933.09
Latah	398,096.45
Lemhi	301,561.25
Lewis	137,791.20
Lincoln	178,133.12
Madison	222,133.20
Minidoka	468,830.87
Nez Perce	1,364,990.68
Oneida	146,504.90
Owyhee	338,241.44
Payette	270,520.15
Power	277,319.34
Shoshone	507,548.39
Teton	108,705.83
Twin Falls	1,730,263.58
Valley	161,078.65
Washington	350,000.54
TOTAL	$22,870,201.95

AN OVERVIEW OF PROPERTY TAXES

Property taxes are established and collected by individual counties and taxing districts to provide local services and do not generate any revenue for state use. However, the state does have the responsibility of overseeing property taxing procedures to make sure they are accurate and fair. In addition, the State Tax Commission is responsible for centrally assessing utilities and railroads which, collectively, are called operating property.

TAXABLE PROPERTY Property taxes apply to the full market value of homes (including manufactured housing), farms, businesses, industry, warehouses, offices, all privately owned real estate, and operating property, as well as personal property such as machinery and equipment, farm implements and office furniture and equipment.

EXEMPTIONS Exemptions from property tax include inventories, livestock, stored property in transit, pollution control facilities, household belongings, clothing, properly licensed motor or recreational vehicles*, and most property belonging to religious, fraternal and educational organizations and institutions. Partial exemptions are available for residential improvements and the speculative value of agricultural land.

PARTIAL TAX CREDITS Partial tax credits are available to elderly, widowed, blind and disabled homeowners.

TAX RATES Tax rates are governed by the needs of taxing authorities. County commissioners, city councils and school trustees hold public budget hearings and approve or adjust budgets accordingly. If they want to raise more money through a bond issue or tax levy, they must get the approval of two-thirds of the affected property owners. School levies, however, can be passed by a simple majority of voters. Tax rates or operating budgets can be increased up to 5% annually without special elections.

TIMBERLAND Timberland is taxed according to the acreage involved. If more than 2,000 acres are under one ownership, the tax is based on the land's ability to produce. If there are more than 5 acres but less than 2,000 acres, the owner is given an option of productivity or bare land value with yield tax due when the timber is cut.

OPERATING PROPERTY Operating property consists of public utilities, railroad car companies and railroads. It is valued by the State Tax Commission, with values allocated to the counties. The tax due is calculated as for all other property.

RURAL ELECTRICAL ASSOCIATIONS Rural electrical associations pay a 3 1/2% tax on adjusted gross revenue instead of property tax. Counties collect the tax, which is computed by the Tax Commission and apportioned on a wire mile basis.

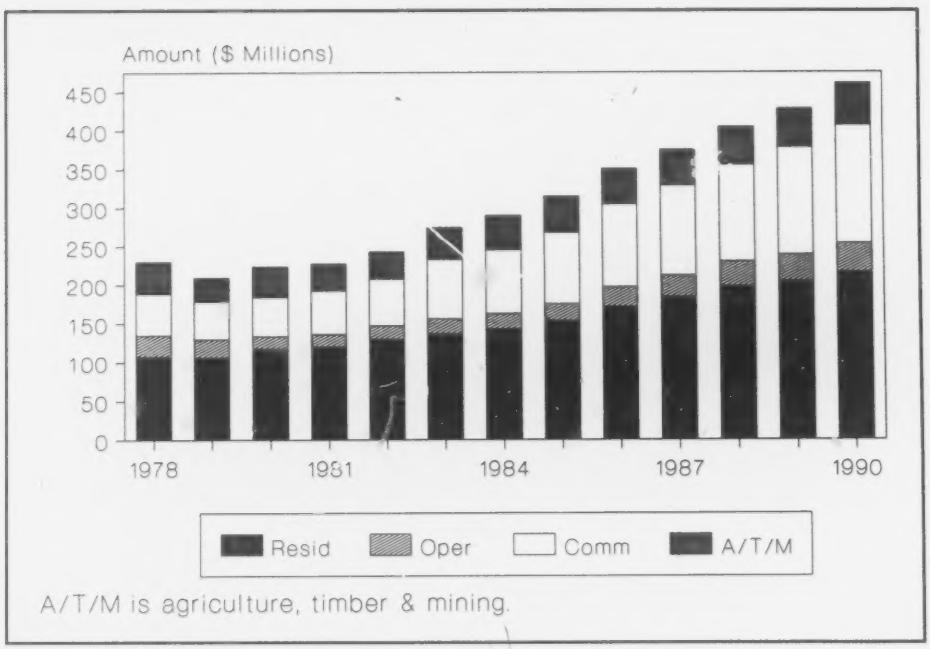
COMPLAINTS Complaints or disagreements concerning assessed values of real or personal property should be taken to the county assessor. If differences cannot be resolved at this level, a property owner may proceed through the following channels to find a resolution: County Board of Equalization, State Board of Tax Appeals, District Court and State Supreme Court. Operating property assessments must be appealed to the State Tax Commission, then through the courts.

*RV owners pay a permit fee instead of a property tax.

AN OVERVIEW OF PROPERTY TAXES

The following three charts represent property tax collections and expenditures. The first chart shows total collections by category of property. The second indicates revenue by type of taxing district. The third chart is a breakdown of how property tax dollars were spent in 1990.

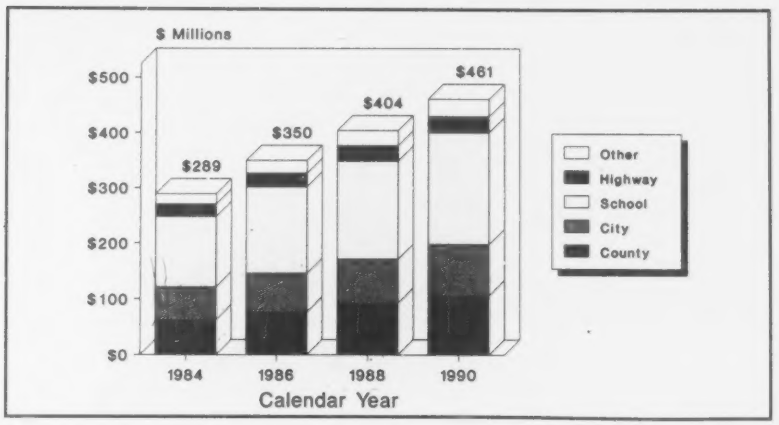
PROPERTY TAXES REPRESENTED BY MAJOR CATEGORY OF PROPERTY



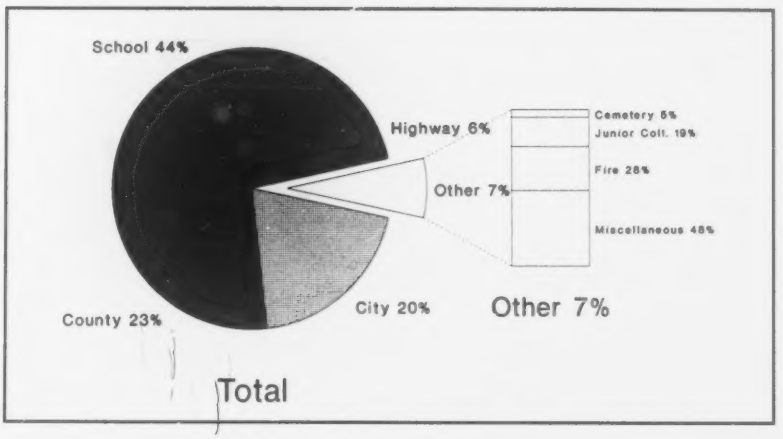
A/T/M is agriculture, timber & mining.

PROPERTY TAXES

STATEWIDE TOTALS



PROPERTY TAX DOLLAR USE IN 1990



1990 AVERAGE PROPERTY TAX RATES

The figures below represent the average tax rates for urban and rural areas in each county. Rates are expressed as a percentage of a property's taxable value and include the total taxes levied by all taxing districts within the county. The urban tax rate includes all taxes paid within any incorporated city which levies property tax.

ACTUAL TAX RATE (%):

COUNTY	AVERAGE URBAN	AVERAGE RURAL	COUNTY	AVERAGE URBAN	AVERAGE RURAL
Ada	1.9003	1.5984	Gem	2.3306	1.5426
Adams	1.6229	1.0053	Gooding	2.3448	1.3358
Bannock	2.4861	1.5565	Idaho	1.4672	0.8478
Bear Lake	2.1065	1.6544	Jefferson	2.0442	1.4166
Benewah	2.1571	1.4717	Jerome	2.4533	1.5616
Bingham	2.5696	1.6693	Kootenai	2.1511	1.5974
Blaine	1.0036	0.8390	Latah	2.4296	1.8703
Boise	1.4554	0.9919	Lemhi	1.6145	0.9106
Bonner	1.6219	1.1636	Lewis	2.1104	1.4235
Bonneville	2.4192	1.6558	Lincoln	2.2941	1.2744
Boundary	1.5111	1.1262	Madison	1.8433	1.5284
Butte	2.1041	1.2612	Minidoka	2.0756	1.6406
Camas	1.9775	1.1269	Nez Perce	2.4259	1.3367
Canyon	1.9466	1.3360	Oneida	2.3992	1.4523
Caribou	1.8161	1.0623	Owyhee	1.7355	1.2076
Cassia	1.9870	1.5474	Payette	2.6104	1.5181
Clark	1.3863	1.0851	Power	2.1482	1.2914
Clearwater	1.8533	1.1953	Shoshone	3.1102	1.9088
Custer	1.4708	1.0354	Teton	1.1787	0.8738
Elmore	2.0118	1.2244	Twin Falls	2.2687	1.3290
Franklin	1.8385	1.3220	Valley	1.4047	1.0397
Fremont	2.1675	1.4004	Washington	2.1420	1.3239

Overall Urban Average: 1.9930 Overall Rural Average: 1.3873

PROPERTY TAXING DISTRICTS

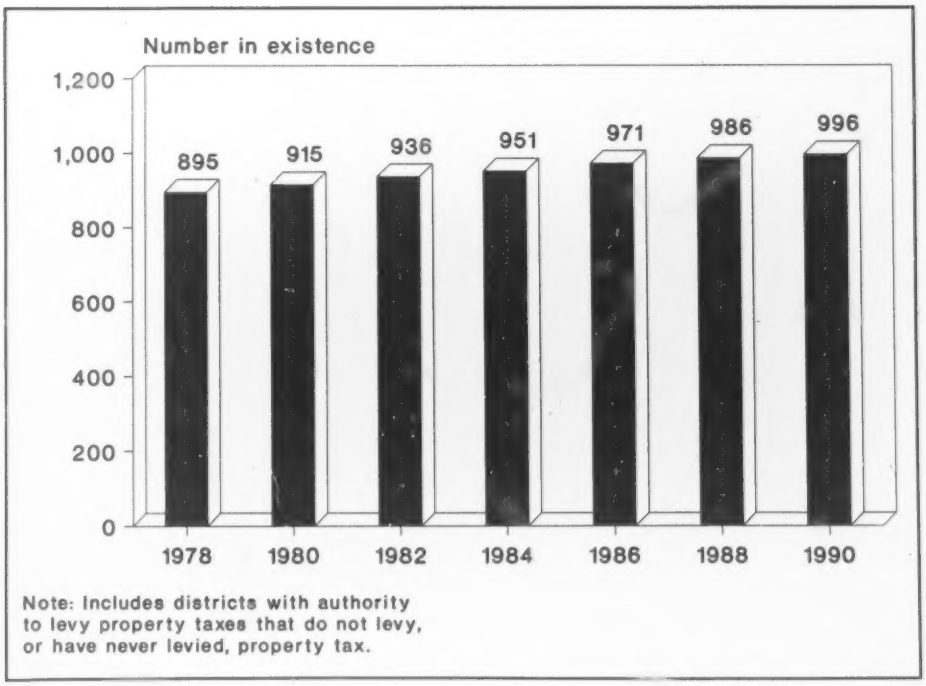
A taxing district is a unit of government which is established to provide public services. Some districts, like cities and counties, provide a variety of services. Most have a limited purpose, such as mosquito abatement, flood control, etc. Not all taxing districts actually levy taxes, even though they are legally authorized to do so.

Taxing districts overlap and a property owner pays taxes to more than one district. Each piece of property lies in a "tax code area," which is defined by the combination of taxing districts that govern it. In 1990, there were 2,933 tax code areas in Idaho.

TAXING DISTRICTS OR AUTHORITY	1990
Counties	44
Ambulance	13
Auditorium	1
Cemetery	179
Cities	200
Fair	1
Fire	124
Flood Control	13
Highway & Road	99
Hospital	20
Junior College	2
Library	47
Mosquito Abatement	10
Pest Extermination	5
Port	1
Recreation	17
School	114
Sewer	32
Sewer & Water	41
Solid Waste	1
Water	20
Watershed Improvement	10
Weather Modification	1
Weed Control	1
TOTAL	996

Drainage, Irrigation, Television Translator, and Urban Renewal Districts are not listed.

TAXING DISTRICTS



Note: Includes districts with authority to levy property taxes that do not levy, or have never levied, property tax.

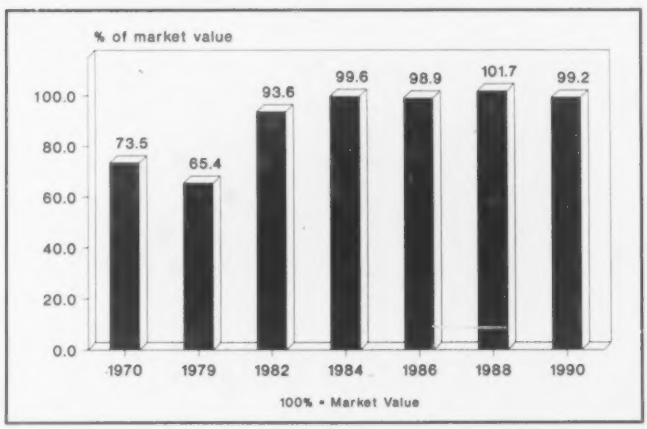
RATIO STUDY

Idaho law requires that all property be assessed at market value. The State Tax Commission is charged with the responsibility of making certain that each county assessor is assessing property at market value. The Tax Commission annually conducts ratio studies in each county. These are used to evaluate the performance of the assessment process in the counties.

The ratio study is a statistical procedure which attempts to measure the quality of property assessments throughout the state. Two primary characteristics of this quality are the level and uniformity of the assessments. These characteristics are measured by comparing locally determined appraised values with sale prices for the same properties.

The results are reported to the State Board of Equalization (consisting of Tax Commission members), which meets annually to review property assessments by category. Assessment level standards have been established by the State Tax Commission, and categories which do not meet these standards may be subject to additional testing or to adjustment by the Tax Commission.

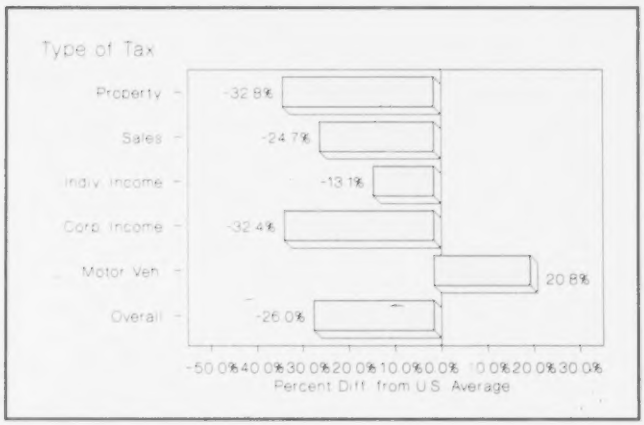
RATIO STUDY RESULTS
AVERAGE ASSESSMENT LEVEL-RESIDENTIAL



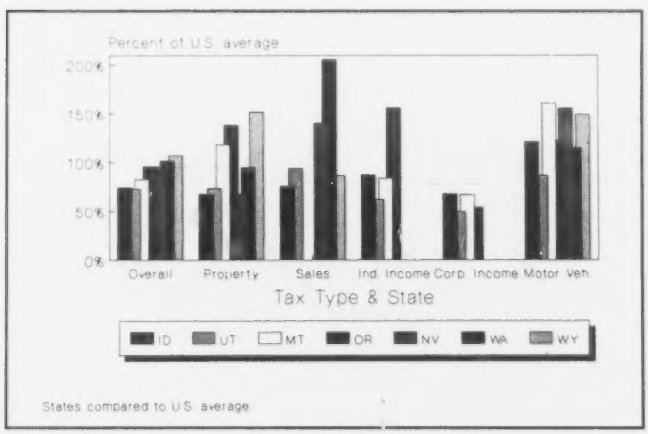
TAX BURDEN STUDY

The State Tax Commission conducts an annual tax burden study which compares Idaho's taxes to those of other states and to a national average. The following two charts, based on 1989 data, show a comparison between the amount of tax paid by the average Idaho citizen and the average U.S. citizen. The bottom chart measures the difference between Idaho taxes and those of neighboring states.

IDAHO'S FY 1989 TAX BURDEN
IDAHO VS. U.S.



IDAHO'S FY 1989 TAX BURDEN
IDAHO VS. NEIGHBOR STATES



IDAHO TAXES COMPARED TO THE NATIONAL AVERAGE

The following chart compares Idaho taxes to the national average. A rate of 100% would be equal to the national average.

TYPE OF TAX	BASED ON INCOME % OF U.S. AVG.	RANK	BASED ON POPULATION % OF U.S. AVG.	RANK	NUMBER OF STATES WITH TAX
Property	86.8%	32	67.2%	37	51
Sales	97.4%	29	75.3%	38	47
Individual Income	112.3%	20	86.9%	27	45
Corporate Income	87.4%	18	67.6%	26	47
Motor Vehicle	156.2%	10	120.8%	17	51
Overall	95.6%	32	74.0%	43	51

Comparisons between Idaho, the western states and the nation are highlighted below. The states used for comparison are Arizona, California, Colorado, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming. Percentages indicate how much of the average person's 1989 total income was spent on each tax.

TYPE OF TAX	NATIONAL AVERAGE	IDAHO AVERAGE	MEDIAN OF 11 WESTERN STATES
Property	3.37%	2.93%	3.33%
Sales	2.67%	2.60%	2.77%
Individual Income	2.31%	2.60%	1.93%
Corporate Income	0.61%	0.54%	0.37%
Motor Vehicle	0.68%	1.06%	0.99%
Overall	11.09%	10.60%	11.37%

1990 TAX BILLS THAT BECAME LAW

CIGARETTE & TOBACCO

HB486 Clarifies the penalty for possession of contraband cigarettes and changes the date for filing tobacco tax returns to the 20th day of the month. Effective 7/1/90.

HB524 Allows cigarette wholesalers to petition for release from the bonding requirements under the cigarette tax statutes and provides for reinstatement of a bond for failure to file returns or pay taxes. Effective 7/1/90.

CONTROLLED SUBSTANCE

HB635 Clarifies the requirements for obtaining illegal drug stamps. Establishes confidentiality standards and collection procedures. Effective 3/27/90.

ESTATE

HB487 Provides that interest paid on overpayments of estate taxes shall be the same as the interest paid on overpayments of income taxes. Effective 7/1/90.

INCOME

HB467 Includes in lump sum distributions for state income tax purposes both the capital gain and ordinary income portions. Effective 1/1/90.

HB485 Allows the State Tax Commission to waive, by regulation, the requirement for filing information returns with the state that are required to be filed with the Internal Revenue Service. Effective 7/1/90.

HB569 Adopts the Internal Revenue Code in effect as of January 1, 1990. Exempts farmers from the requirement to withhold income tax from their employees but retains 1% withholding. Effective 1/1/90.

HB608 Allows a deduction from state income tax liability for worker's compensation insurance premiums paid by self-employed individuals. Effective 1/1/87. NOTE: Three years retroactive.

HB778 Changes the net operating loss requirements for state income tax purposes for taxable years beginning on and after January 1, 1990. Effective 1/1/90.

SB1402 Expands the set-off of state income tax refunds to collect child support judgments to include spousal support and public assistance reimbursement. Effective 7/1/90.

MOTOR FUELS

HB767 Establishes the Idaho Petroleum Clean Water Trust Fund to provide insurance for corrective actions and payment of claims for property damage arising from the release of petroleum from storage tanks. Imposes a one cent per gallon transfer fee as of April 1, 1990. Effective 3/23/90.

HB832 Increases the annual distribution of the revenues from the gasoline and aircraft engine fuels tax to the Railroad Grade Crossing Protection Account. Effective 7/1/90.

PROPERTY

HB496 Allows a Board of County Commissioners to establish limits for adjustments of penalty, interest, and fees related to ad valorem tax collections. Effective 2/15/90.

HB580 Allows the creation of county museum boards. Effective 7/1/90.

HB582 Establishes a state program of medical assistance to replace the current county program of aid to the medically indigent. Medical indigent levy changed to a 0.02% levy for nonmedically indigent. Effective 7/1/91.

HB636 Recodifies revenue allocation financing to apply same law to all cities. Effective 4/12/90.

1990 TAX BILLS THAT BECAME LAW

PROPERTY (Continued)

HB802 Increases the total debt that a recreation district may incur based on the assessed value of taxable property within the district. Effective 7/1/90.

HB830 Provides a process for the granting of refunds of ad valorem taxes paid or for the granting of a credit against ad valorem taxes due. Effective 7/1/90.

HB848 Establishes a county justice fund for the purpose of funding various operations in the county. Effective 7/1/90.

SALES

HB497 Provides an exemption from the sales and use tax for tangible personal property which will become an ingredient or component part of a city owned aerial passenger tramway used for ski lifts. Effective 12/1/88.

HB503 Exempts prescription items, including "durable medical equipment," from the state sales tax. Effective 7/1/90.

HB504 Exempts nonresident, nonprofit colleges, universities, primary and secondary schools which have a branch campus or facility in Idaho from the state sales tax. Effective 3/20/90.

HB525 Exempts the Idaho Special Olympics from the state sales tax. Effective 7/1/90.

HB567 Clarifies the sales tax exemption for a health related entity by correcting a name to the Association for Retarded Citizens of the United States. Effective 7/1/90.

HB604 Further defines the term "occasional sale" for sales tax purposes to include transfer of capital assets between subsidiary companies. Effective 7/1/90.

HB737 Clarifies the use of manufacturers' discount coupons and rebates. Effective 7/1/90.

HB738 Exempts certain disinfectants used in the dairy industry from the sales and use tax under the production exemption. Effective 1/1/90.

HB765 Exempts from sales tax "money operated" equipment dispensing a taxable product or service. Effective 7/1/90.

HB818 Provides that fees paid to governmental entities by outfitters shall not be included in their sales price for purposes of the sales and use tax. Effective 7/1/90.

HB829 Clarifies the exemption granted under the sales tax statutes for chemicals and equipment used in food processing. Effective 7/1/90.

HB849 Exempts the sales of tangible personal property by certain religious corporations or societies from the sales and use tax. Effective 7/1/90.

HB889 Resale and exemption certificates relieve the seller of sales tax collection responsibility, regardless of seller's bad faith. Tax only asserted against purchasers. Effective 1/1/91.

HB896 Removes logging from the production exemption and enacts a special logging exemption. Removal of trees in road construction qualified as logging. Effective 7/1/90.

WINE

HB490 Clarifies the provisions for the taxation of wine to impose the tax on persons who sell taxable wine without a license when the wine has not been sold by a licensed distributor or a winery and provides an exception. Effective 7/1/90.